Whistleblower Entitled to Receive $57.6 Million for Exposing Countrywide Home Mortgage Loan Scheme

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When former executive and mortgage lender at Countrywide Financial (Countrywide), Edward O’Donnell, recognized an alleged mortgage fraud scheme, he filed a federal civil lawsuit against Countrywide under the False Claims Act (FCA) on behalf of the Government. In that qui tam lawsuit, Mr. O’Donnell claimed that Countrywide violated the FCA by processing fraudulent mortgage loans through a scheme called the High-Speed Swim Lane and nicknamed “the Hustle.” The “Hustle” allowed Countrywide to process loans that homebuyers could not afford to pay, which resulted in thousands of fraudulent, defective residential mortgage loans being sold to Fannie Mae and Freddie Mac. Because those two entities are government-backed, fraud directed against them is actionable under the FCA. Mr. O’Donnell’s decision to blow the whistle on Countrywide, under qui tam whistleblowers provisions of the FCA, has resulted in a $16.65 billion settlement that Bank of America, which acquired Countrywide Financial, has agreed to pay the government.

Mr. O’Donnell will receive $57.6 million as his “relator’s share,” the award authorized by the FCA to be paid to qui tam whistleblowers. A relator can receive between 15-30 percent of the amount recovered for the government through the qui tam lawsuit. In this case, the parties to the settlement apparently valued the portion of the settlement attributable to Mr. O’Donnell’s qui tam lawsuit at $350 million, and he received a 16 percent relator’s share of $56 million. According to media reports, the additional $1.6 million that he will receive is being paid separately to him by Bank of America. The $16.65 billion settlement may also have settled other allegations against Countrywide or Bank of America that were unrelated to Mr. O’Donnell’s qui tam lawsuit.

The whistleblowers provision of the False Claims Act is one of the most effective methods that the government has implemented for combating fraud. Under the FCA, anyone who knows of an individual or company that has defrauded the federal government, can file a “qui tam” lawsuit to recover damages on the government’s behalf.

If you have information concerning a potential case involving banking fraud, do not hesitate to take action. It is possible that you might be able to bring your own qui tam lawsuit under the False Claims Act, acting as a whistleblower on behalf of the US government. Before filing your lawsuit, be sure to consult with an attorney familiar with the intricacies of the False Claims Act and qui tam lawsuits, as these attorneys are best equipped to help protect your rights and help you gain your share of any monetary reward from a potential settlement.

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